

MACEDONIA

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Capital: Skopje

GDP per capita (PPP): \$4,400 (2000 est.)

Population: 2,046,209 (July 2001 est.)

Foreign Direct Investment: \$169,000,000

Inflation: 11% (2000 est.)

Unemployment: 32% (2000)

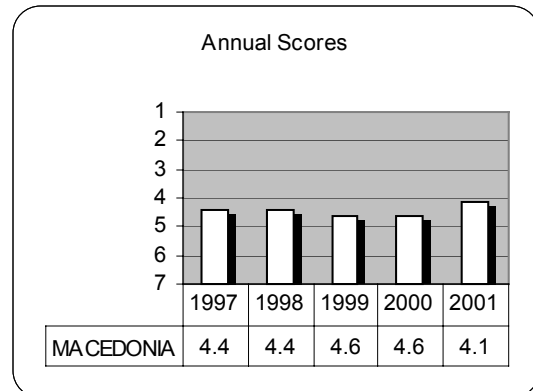
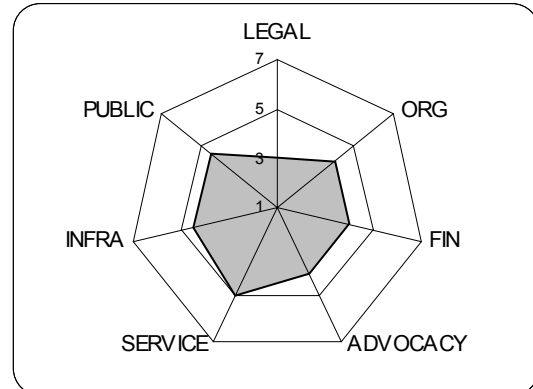
OVERALL RATING: 4.1

As of September 2000, approximately 4000 NGOs were officially registered in Macedonia. Of these, approximately 2500 can be considered active.

The sole former Yugoslav Republic unaffected by the Balkan wars in the 1990s, Macedonia was drawn into a serious crisis in February 2001 when ethnic Albanian rebels clashed with the Macedonian government in the northwestern part of the country. Open conflict has continued sporadically since then, resulting in numerous casualties and more than 100,000 refugees and internally displaced persons. On August 13, 2001, the four largest political parties signed a 'Framework Agreement' for constitutional changes. Brokered by the international community, the agreement was ratified by the parliament, though tensions continue in parts of the country.

The outbreak of conflict had a deleterious impact on the NGO sector. It polarized society, heightened interethnic tensions, and prompted travel restrictions, which combined with a failing economy have made it harder for NGOs to operate, and forced many NGOs to either reduce activities or cease them altogether, particularly in zones close to the conflict.

There are, however, some encouraging developments in the NGO sector. In response to the conflict, a number of NGOs carried out activities to support peace efforts. Led by the Foundation Open Society Institute - Macedonia, the largest effort organized more than 120 NGOs in a campaign called "Enough is Enough." The inability of these efforts to coalesce into a broader peace movement and the limited impact of these efforts on political and policy leaders demonstrates the continuing weakness of the country's NGO sector.



LEGAL ENVIRONMENT: 3.0

No substantive changes in the legal framework occurred over the past year. The registration process, though, has been simplified and improved. Court delays and excessive caseloads that resulted from most NGOs being re-registered in 1999 no longer pose a problem during the registration process. Some smaller towns have assigned judges specifically for NGO registration. Judges have become more proficient in managing the registration process and more knowledgeable about NGO legislation issues as a result of training

seminars provided in previous years.

Excessive taxation remains a concern. There have been no positive improvements with respect to VAT, income tax, or customs taxes on imported goods. Moreover, NGOs are now burdened with the newly introduced war tax of 0.5% on each payment transaction. NGOs have not yet shown any willingness to take joint action in resolving these taxation issues. As before, the government is not sensitive to the need for tax relief or benefits for the sector.

ORGANIZATIONAL CAPACITY: 4.0

According to a sector assessment commissioned by the Institute for Sustainable Communities (ISC), 40% of Macedonian NGOs are not effectively communicating with their constituencies. Constituency building remains one of the weakest areas in NGO development. Its importance is perhaps not sufficiently understood by the not-for-profit sector.

The donor community has provided training in strategic planning, but the sector has shown little improvement in this area over the past year. Few NGOs have developed long-term strategies, though many express an interest in learning how to prepare project proposals

and in improving their skills in grant application. Training on internal management is still lacking. Many organizations do not operate in a transparent manner, raising suspicions about the appropriate use of funds.

On average, Macedonian NGOs are suitably equipped and have the basic capacity to operate. Human resources issues pose a bigger problem, as personnel with experience in NGO project design and implementation are in short supply. The root cause lies in the absence of appropriate education in the area of civil society and NGO management.

FINANCIAL VIABILITY: 4.0

The financial situation of NGOs in Macedonia remains unstable. Conflict and economic collapse have seriously disrupted the overall NGO environment. Precarious economic circumstances coupled with burdensome taxes and extremely high unemployment prevent NGOs from obtaining funding from a variety of local sources. Most NGOs conse-

quently remain dependent on funding from international donors.

A small but growing number of organizations now engage in income-generating activities. Such activities include hair-dressing and cleaning services, designing computer layouts for books, preparing studies for government institutions and

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offering their services to publishing companies. More than 20 NGOs had sales stands with books, drawings and hand-crafts during a recent NGO Fair. A number of NGOs have also been involved in fundraising activities such as humanitarian concerts, exhibition sales and auctions this year. The environmental group "Izgrev" from Sveti Nikole organized an auction for the renovation of the largest primary school in the region.

The NGO sector has become more aware of the importance of revenues from services, products and other types of supplemental income. A recent assessment that included a group of 53 NGOs

showed that the need for training in self-financing and fundraising is a top priority among 85% of the organizations. Although indigenous philanthropy remains at a nascent stage of development, there is some evidence of a foundation for building such a culture.

Financial transparency and accountability is problematic. Many organizations are not willing to disclose financial information with their membership or the general public. The NGO president, vice-president or accountant usually has sole responsibility for managing the finances.

ADVOCACY: 4.0

The eruption of conflict in February 2001 forced the Macedonian government and parliament into a crisis management mode that left few opportunities for NGO advocacy initiatives. Despite the extraordinary circumstances, there were a number of advocacy efforts during the past year. For example, citizens and governments of six municipalities joined forces with local NGOs and businesses to adopt a Local Environmental Action Planning (LEAP) process, establishing a model for environmental priority setting and problem solving. The LEAP and Community Action Planning (CAP) activities promote communication between NGOs and local authorities. Most other endeavors are ad hoc, focused on a single problem. Another environmental NGO established a national lobbying effort and set a list of priorities designed to encourage the authorities to implement the Aarhus Convention on the rights of access to information, public participation in decision-making, and access to justice in environ-

mental matters. NGOs also formed issue-based coalitions on solid waste management and consumer protection issues. After years of effort, a local NGO's national advocacy efforts yielded a draft "Juvenile Penal Code" that will be presented to the Macedonian government for approval.

The Foundation Open Society Institute-Macedonia (FOSIM) initiated a civil action campaign called "Enough is Enough" in response to the conflict and the sense that a weak civil society had contributed to the conflict.

Communication between NGOs and local authorities has improved, but cooperation with national government representatives and parliamentarians has deteriorated. Despite limited progress, many NGOs have yet to develop strong advocacy skills and need training about the importance of advocacy and lobbying.

SERVICE PROVISION: 5.0

Despite growing interest in providing services in exchange for fees, the recent economic decline has prevented most groups from substantially recovering their costs. The type and quality of services has seen only limited growth, since many organizations are still developing their capacities. The services that NGOs provide include: SOS telephone lines, shelter centers for victims of domestic violence, kindergartens, language courses, hair-dressing, and conflict resolution courses for political parties. Services are mainly project-based.

Local NGOs played an important role in providing services to the victims of the recent conflict. For example, the Macedonian Center for International Cooperation (MCIC) was involved in a number of projects such as the Citizens' Initiative for Peace, which organized appeals and

meetings of religious communities. They also assisted in the provision of first aid and humanitarian assistance to regions with restricted access and restored the water supply to medical centers in Kumanovo and Aracinovo.

The implementation of public administration reforms have begun to have a positive impact on government officials' recognition of the role that NGOs can play in taking over activities previously performed by state institutions. Substantial work is still required in terms of providing skills, such as market analysis and accounting, to NGOs that will enable them to provide their services more effectively. Furthermore, government, business, and the not-for-profit sector need a better understanding about the role that NGOs can play in the provision of public services.

INFRASTRUCTURE: 4.5

Basic infrastructure in the NGO sector has improved compared to last year. Among the improvements are the establishment of four NGO Support Centers, in four smaller towns, by the Swiss Agency for Development and Cooperation (SDC) and the Foundation Open Society Institute – Macedonia (FOSIM). The project's main goal is to strengthen NGOs by supporting service delivery and building better relationships with other organizations and authorities. The first two NGO Support Centers in Veles and Prilep became operational in February 2001. Two more centers will open in Stip and Kichevo in early 2002. Each center will provide different services, depending on the region's NGO structure and expertise. The centers will offer technical assistance, training, equipment, facilities, consultations and small grants.

In addition to the four centers above, the European Center for Minority Issues (ECMI) will establish six regional NGO centers in 2002. These centers will be located in Skopje, Kumanovo, Tetovo, Stip, Bitola and Gostivar. The Skopje center will also serve as ECMI's local headquarters. These Regional NGO Centers will work to improve interethnic tolerance, respect for differences, and facilitate a dialogue among all communities living in the country. The ECMI NGO Network now consists of 40 indigenous NGOs representing all ethnic communities in the country.

With some exceptions, NGO coalitions and networking remain weak. Partnerships develop mainly in response to donor community requirements, and project proposals show repetition among many organizations, indicating a need for

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greater cooperation and information sharing.

Although local training capacity is available, international organizations frequently use foreign expertise when organizing training events. There is a lack

of training opportunities on a regular basis and lack of training on advanced and specialized topics. Furthermore, many NGOs are unaware of the educational opportunities and other resources available in the sector.

PUBLIC IMAGE: 4.5

Increased media coverage of NGOs during the past year, combined with greater efforts by NGOs to publicize their activities, has boosted the profile of the sector. A number of major newspapers now have reporters specifically assigned to cover NGO issues, with the result that more material about NGOs is publicly available compared to last year. The 2001 NGO Fair, and the public interest in this event, served to improve the public's perception of the NGO sector.

In May 2001, 53 NGOs drafted a national code of conduct for NGOs and formed a working group to bring the process to completion. The development of a code of conduct indicates that NGOs are interested in improving their operating practices and raising ethical standards.

Public awareness of NGOs in Macedonia is still in need of improvement, however. The not-for-profit sector is of secondary importance for most citizens due to the armed conflict, the desperate economic situation and high unemployment. The public regards both indigenous and international organizations with suspicion. They are seen as tools for foreign influence, not organizations that are representative of local needs.

The Framework Agreement between the Macedonian and Albanian communities divided much of the country between those for and against its ratification, with much of the ethnic Macedonian community generally against ratification. As a result, donor-supported NGOs that engaged in activities to endorse the agreement received a great deal of public criticism in the majority ethnic Macedonian community.